



1 SCOTT L. DAVIS (Pro Hac Vice)
sdavis@gardere.com
2 Gardere Wynne Sewell LLP
1601 Elm Street, Suite 3000
3 Dallas, TX 75201
Telephone (214) 999-3000
4 Facsimile: (214) 999-4667

5 Attorneys for Plaintiff American International Specialty Lines Insurance Company

6 SAM HIRSCH
Acting Assistant Attorney General
7 Environment & Natural Resources Division

8 MICHAEL C. AUGUSTINI (DC Bar No. 452526)
michael.augustini@usdoj.gov

9 MARTHA C. MANN (FL Bar No. 1559050)
martha.mann@usdoj.gov

10 U.S. Department of Justice
P.O. Box 7611
11 Washington, DC 20044-7611
Telephone: (202) 616-6519
12 Facsimile: (202) 514-8865

13 Attorneys for Defendant United States of America

14 UNITED STATES DISTRICT COURT
15 CENTRAL DISTRICT OF CALIFORNIA

16 AMERICAN INTERNATIONAL
17 SPECIALTY LINES INSURANCE
18 COMPANY,

19 Plaintiff,

20 v.

21 UNITED STATES OF AMERICA,

22 Defendant.
23
24

Case Nos. CV-06-4686 GHK (RZx), and
CV-09-1734 GHK (RZx)

[PROPOSED] CONSENT DECREE

25 This Settlement Agreement and Consent Decree ("Agreement" or "Consent
26 Decree") is made by and between Plaintiff American International Specialty Lines
27 Insurance Company, n/k/a AIG Specialty Insurance Company ("AISLIC"), and
28

1
[PROPOSED] CONSENT DECREE

1 Defendant United States of America ("United States"), collectively referred to as "the
2 Parties";

3 WHEREAS, AISLIC provided certain insurance coverage to Whittaker
4 Corporation ("Whittaker"), pursuant to Pollution Legal Liability Select/Cleanup Cost
5 Cap Insurance Policy Number PLS 267-9186 (the "Policy"), and AISLIC alleges,
6 inter alia, that it is subrogated to Whittaker's rights to recover all payments that
7 AISLIC has made or makes under the Policy;

8 WHEREAS, in December 2007, AISLIC intervened in an existing action
9 captioned Steadfast Ins. Co. v. United States of America, CV-06-4686 AHM (RZx)
10 (C.D. Cal.), and asserted claims under the Comprehensive Environmental Response,
11 Compensation, and Liability Act, 42 U.S.C. §§ 9601-75, as amended by the
12 Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499, 100
13 Stat. 1613 (1986) ("CERCLA"), seeking to recover from the United States certain
14 costs that AISLIC paid or was obligated to pay in connection with a site formerly
15 owned and operated by Whittaker in Santa Clarita, California (the "Bermite Site");

16 WHEREAS, in March 2009, AISLIC filed a second action captioned American
17 Int'l Specialty Lines Ins. Co. v. United States of America, CV-09-1734 AHM (RZx)
18 (C.D. Cal.), asserting additional CERCLA claims against the United States for
19 AISLIC's alleged costs in connection with the Bermite Site, and this Court
20 consolidated AISLIC's two CERCLA actions (the "Consolidated Actions");

21 WHEREAS, on January 31, 2013, the Court entered a final judgment in the
22 Consolidated Actions;

23 WHEREAS, in March and April 2013, AISLIC and the United States filed
24 notices of appeal in the Consolidated Actions to the United States Court of Appeals
25 for the Ninth Circuit, see Dkt. Nos. 13-55518, 13-55521, 13-55593, 13-55595, and
26 the Parties have agreed to dismiss their respective cross-appeals on the condition that
27 the Court approve this Agreement as a Consent Decree;

28

1 WHEREAS, AISLIC and the United States desire to enter into this Agreement
 2 to fully and finally resolve AISLIC's claims relating to the Policy and the Bermite
 3 Site, and to avoid the complication, risks, and expense of further litigation and
 4 appeals;

5 WHEREAS, the United States enters into this Agreement as a final settlement
 6 and compromise of all claims as set forth herein and does not admit any liability
 7 arising from occurrences or transactions pertaining to the Bermite Site; and

8 WHEREAS, AISLIC and the United States agree that this Agreement is fair,
 9 reasonable, and in the public interest;

10 NOW, THEREFORE, IT IS AGREED AND ORDERED that:

11 1. Application of this Agreement. This Agreement applies to, is
 12 binding upon, and inures to the benefit of AISLIC and the United States. This
 13 Agreement does not extend to or inure to the benefit of any party, person, or entity
 14 other than AISLIC and the United States, except as expressly provided herein, and
 15 nothing in this Agreement shall be construed to make any other person or entity not
 16 referenced in this Agreement a third-party beneficiary to this Agreement.

17 2. Definitions. Whenever the terms listed below are used in this
 18 Agreement, the following definitions shall apply:

19 a. "Agreement" shall mean this Consent Decree.

20 b. "Bermite Site" shall mean, for purposes of this Agreement, the
 21 approximately 1,000 acres located, in part, at 22116 Soledad Canyon Road, Santa
 22 Clarita (formerly Saugus), California as well as the areal extent of contamination
 23 resulting from activities on that property. This term also includes, without limitation,
 24 any manufacturing facilities, waste disposal areas, storage areas, buildings,
 25 equipment, structures, roads, ditches, culverts, pipes, and other facilities located upon,
 26 connected to, or associated with activities upon or related to the above described
 27 approximately 1,000 acres. The Bermite Site shall not include any other sites covered
 28 by or subject to the Policy.

1 c. "Consolidated Actions" shall mean the matters captioned as Steadfast
2 Ins. Co. v. United States of America, CV-06-4686 AHM (RZx) (C.D. Cal.), and
3 American Int'l Specialty Lines Ins. Co. v. United States of America, CV-09-1734
4 AHM (RZx) (C.D. Cal.).

5 d. "Covered Matters" shall mean any and all claims, known or unknown,
6 that were, could have been, could now be, or hereafter could be asserted by AISLIC
7 against the United States in the Consolidated Actions pursuant to the rights afforded
8 AISLIC by virtue of, or arising through, the Policy, or otherwise, relating to the
9 Bermite Site, including all claims relating to any environmental conditions at the
10 Bermite Site, any release of a hazardous substance at the Bermite Site and any off-site
11 contamination emanating from the Site. Covered Matters do not include: (i) any and
12 all claims or causes of action that could be asserted by AISLIC with respect, or
13 related in any way, to environmental conditions at sites other than the Bermite Site; or
14 (ii) any and all claims or causes of action related to the Bermite Site that could be
15 asserted by any party other than AISLIC, including but not limited to Whittaker
16 Corporation or Chubb Custom Insurance Company.

17 e. "Day" shall mean a calendar day. In computing any period of time under
18 this Agreement, where the last day would fall on a Saturday, Sunday, or Federal
19 holiday, the period shall run until the close of business of the next day that is not a
20 Saturday, Sunday, or Federal holiday.

21 f. "Effective Date" shall mean the date the Court approves this Agreement.

22 g. "Federal Contract" means any prime contract, subcontract, or any other
23 agreement transferring value between, on the one hand, a party to this Consent Decree
24 or a company insured by a party to this Consent Decree, and a department, agency, or
25 instrumentality of the United States, including but not limited to, contracts for goods
26 or services, grants, and cooperative agreements. The term "Federal Contract" does
27 not include this Consent Decree.

28

1 h. “Future Response Costs” shall mean, for purposes of this Agreement,
2 those necessary costs of response, as defined in 42 U.S.C. § 9601(25), paid by
3 AISLIC on or after February 1, 2010 under the Policy, which are consistent with the
4 National Contingency Plan (“NCP”) and arise out of any releases or threatened
5 releases of hazardous substances at or emanating from the Bermite Site that are
6 attributable to the former manufacturing operations at the Bermite Site. “Future
7 Response Costs” shall not include any additional payment obligations AISLIC
8 assumed, or may assume, that are unrelated to coverage for the Bermite Site under the
9 Policy or exceed the current Policy limits. AISLIC may not accumulate additional
10 claims against the United States related to the Bermite Site through assignment,
11 subrogation, or otherwise and claim reimbursement through this Consent Decree.

12 i. “Past Response Costs” shall mean, for purposes of this Agreement, all
13 costs, fees, expenses, or other amounts incurred or paid by AISLIC through January
14 31, 2010 under the Policy, or otherwise, that AISLIC sought to recover from the
15 United States in the Consolidated Actions or that AISLIC could have otherwise
16 sought from the United States in connection with the Bermite Site.

17 j. “Plaintiff” or “AISLIC” shall mean AIG Specialty Insurance Company,
18 f/k/a American International Specialty Lines Insurance Company and Chartis
19 Specialty Insurance Company, and its parent, subsidiaries, designees, agents,
20 attorneys, assigns, insurers, reinsurers, or any other entity who may have rights or
21 assert a claim arising in any way from AISLIC’s obligations under the Policy in
22 connection with the Bermite Site or the Consolidated Actions.

23 k. “Prior Rulings” shall mean the following Court orders in the
24 Consolidated Actions: ECF No. 29 (Order Denying United States’ Motion to Dismiss
25 (filed in 06-CV-4686-AHM-RZx), signed on 2/05/2007 and docketed on 2/06/2007);
26 ECF No. 79 (Order Denying United States’ Motion for Review of Magistrate Judge’s
27 Discovery Order (filed in 09-CV-1734-AHM-RZx), docketed 12/14/2009); ECF No.
28 180 (Findings of Fact and Conclusions of Law (Liability Phase) (filed in 09-CV-

1 1734-AHM-RZx), signed and docketed on 6/30/2010); ECF No. 319 (Findings of
2 Fact and Conclusions of Law (Allocation Phase) (filed in 09-CV-1734-AHM-RZx),
3 signed and docketed on 1/09/2013); ECF No. 321 (Final Judgment), signed and
4 docketed in both 06-CV-4686-AHM-RZx and 09-CV-1734-AHM-RZx on
5 1/31/2013).

6 1. "Tenders" shall mean the set of documents by and through which
7 Whittaker's environmental consultant managing the clean-up and remediation of the
8 Bermite Site, currently AMEC Geomatrix ("AMEC"), submits to AISLIC groups of
9 invoices reflecting work at or related to the Bermite Site for coverage consideration,
10 processing, and payment.

11 m. "United States" shall mean the United States of America, and all
12 agencies, departments, and instrumentalities of the United States, including, but not
13 limited to, the United States Department of the Army, United States Department of
14 the Navy, United States Department of the Air Force, United States Department of
15 Defense, Defense Contract Management Agency, Defense Contract Administration
16 Services, United States Army Corps of Engineers, and any of their predecessors or
17 successors. The term "United States" shall also include all employees, contractors,
18 attorneys, or agents of the United States, to the extent that such parties directed,
19 conducted, supervised, participated in, or otherwise were involved with any activity at
20 or related to the Bermite Site while acting on behalf of the United States.

21 3. Release and Covenant Not To Sue by AISLIC.

22 a. Upon approval and entry of this Agreement by the Court, AISLIC hereby
23 forever releases, discharges, and covenants and agrees not to assert (by way of the
24 commencement of an action, the joinder of the United States in an existing action or
25 in any other fashion) any and all claims, causes of action, suits or demands of any
26 kind whatsoever in law or in equity which AISLIC may have had, or hereafter have,
27 including, but not limited to the Consolidated Actions or any other claims under
28 CERCLA sections 107, 112, or 113, against the United States for Covered Matters.

1 To the extent that this provision is ever construed as a "general release" under
2 California law, AISLIC expressly waives the applicability to this Agreement of
3 California Civil Code section 1542.

4 b. Notwithstanding Paragraph 3.a. or any other provision in this
5 Agreement, AISLIC does not release and specifically reserves its right to assert
6 claims for breach of this Agreement against the United States.

7 4. Appeal/Prior Rulings. The Parties have agreed to the contingent
8 dismissal of their cross-appeals pending in the United States Court of Appeals for the
9 Ninth Circuit subject to the Court's approval of this Agreement. However, the Parties
10 continue to dispute and deny the bases for and validity of certain aspects of the Prior
11 Rulings in the Consolidated Actions. Nothing in this Agreement shall constitute a
12 waiver of either Party's right to argue in any matter that any aspect of the Prior
13 Rulings is factually or legally correct or incorrect in any respect. As between them,
14 the Parties agree that neither Party will assert or argue that the Prior Rulings have
15 legal force or precedential effect against the other Party in any other matter.

16 5. Warranties and Indemnification by AISLIC. AISLIC warrants and
17 certifies that: (1) it has not recovered any of its alleged costs from the United States
18 under any Federal Contract; (2) AISLIC has not assigned its rights to recovery or
19 claims under the Policy, or any part of such claims, to any third party; and (3) AISLIC
20 has made no claim for reimbursement of its costs or payments under the Policy to any
21 third parties other than the United States and Chubb Custom Insurance Company. In
22 light of these warranties, and in consideration for the United States' payments
23 provided for in this Agreement, AISLIC further agrees to indemnify and hold
24 harmless the United States against any and all past or future claims asserted by any
25 party against the United States relating to the Bermite Site that arise from the Policy,
26 except as otherwise noted below in paragraph 5.a.

27 a. AISLIC's agreement to indemnify and hold harmless the United
28 States under Paragraph 5 of this Consent Decree does not apply to any and all claims

1 asserted by Whittaker Corporation in the action styled *Whittaker Corporation v.*
2 *United States of America*, Case No. CV-13-01741 FMO (JCx) in the United States
3 District Court for the Central District of California, or to any and all claims asserted
4 by Chubb Custom Insurance Company in the action styled *Chubb Custom Insurance*
5 *Company v. United States of America*, Case No. CV-13-01158 GW (MRWx).

6 6. Protection Against Claims.

7 a. The Parties acknowledge and agree that the payments to be made
8 by the United States pursuant to this Agreement represent a good faith compromise of
9 disputed claims held by AISLIC and that the compromise represents a fair,
10 reasonable, and equitable discharge of the Covered Matters addressed in this
11 Agreement. With regard to any claims for costs, damages, or other claims against the
12 United States for Covered Matters under or addressed in this Agreement, the United
13 States is entitled to, as of the Effective Date and provided that the United States
14 makes the payment to AISLIC pursuant to Paragraph 7.a. of this Agreement,
15 contribution protection pursuant to section 113(f) of CERCLA, 42 U.S.C. § 9613(f),
16 the Uniform Comparative Fault Act, and any other applicable provision of federal or
17 state law, whether by statute or common law, extinguishing the United States'
18 liability to persons not party to this Agreement. Except as specifically provided
19 herein, the United States reserves all its rights to obtain contribution, or otherwise
20 recover costs or damages, from persons not party to this Agreement, and any such
21 rights are preserved.

22 b. After signing the Agreement, AISLIC agrees to neither oppose the
23 United States' entry of this Consent Decree by the Court nor challenge any provision
24 of this Consent Decree. The Parties further agree to join in and/or support, as may be
25 appropriate, such legal proceedings as necessary to secure the Court's approval and
26 entry of this Agreement.

1 7. Payment of Past Response Costs.

2 a. Within ninety (90) days after the Effective Date of this
3 Agreement, the United States will pay \$2,034,958.82 to AISLIC (the "Past Cost
4 Payment"). Payment shall be by Electronic Funds Transfer in accordance with
5 instructions provided by AISLIC, provided these instructions comply with federal and
6 any other applicable law.

7 b. If the Past Cost Payment is not made in full within ninety (90)
8 days after the Effective Date of this Agreement, then interest on the unpaid balance
9 shall be paid commencing on the 91st day after the Effective Date. Interest shall
10 accrue at the rate specified for interest on investments of the Hazardous Substance
11 Superfund established under subchapter A of chapter 98 of Title 26 of the United
12 States Code.

13 c. Payment by the United States is subject to the availability of funds
14 appropriated for such purpose. No provision of this Agreement shall be interpreted as
15 or constitute a commitment or requirement that the United States obligate or pay
16 funds in contravention of the Anti-Deficiency Act, 31 U.S.C. § 1341.

17 8. Payment of Future Response Costs.

18 A. Initial Claim For Future Response Costs Reimbursement

19 AISLIC will send the United States an accounting of Future Response Costs
20 paid from February 1, 2010 through June 30, 2013, including all supporting
21 documentation from the Tenders and proof of AISLIC's payment, as soon as
22 practicable but no later than twenty-eight (28) days after the Court's approval of this
23 Agreement ("AISLIC's Initial Claim for Future Response Costs Reimbursement").
24 The United States will review AISLIC's Initial Claim For Future Response Costs
25 Reimbursement in accordance with the process described in Paragraphs 8.B.b. – i. of
26 this Agreement.

1 **B. Bi-Annual Review**

2 After AISLIC submits the Initial Claim For Future Response Costs
3 Reimbursement, the following process shall apply to claims to recover amounts
4 AISLIC continues to pay that are recoverable under this Agreement:

5 a. On or before February 15 of each calendar year, AISLIC will send the
6 United States an accounting of Future Response Costs paid from July 1 to December
7 30 of the preceding calendar year (each bi-annual accounting is referred to hereafter
8 as a "Statement"). On or before August 15 of each succeeding calendar year, AISLIC
9 will send the United States a Statement that includes an accounting of Future
10 Response Costs paid from January 1 to June 30 of that calendar year. Except as
11 otherwise provided in this Agreement, in no event shall AISLIC submit or be entitled
12 to recover from the United States a Future Response Cost more than two years after it
13 has been paid by AISLIC.

14 b. Included with each Statement shall be copies of invoices, a description of
15 the work underlying the invoices, copies of relevant reports to the California
16 Department of Toxic Substances Control ("DTSC") or other regulators, and any other
17 documents sufficient to support the recoverability of the claimed Future Response
18 Costs. AISLIC's bi-annual submissions shall include all supporting documentation
19 from the Tenders and proof of AISLIC's payment. Each Statement shall also contain
20 a certification by AISLIC under penalty of perjury that each claimed item qualifies as
21 a Future Response Cost and was paid by AISLIC. AISLIC shall also certify that it
22 has not recovered any of the claimed Future Response Costs from the United States or
23 from any other source, including other insurers.

24 c. Within one hundred and twenty (120) days of the United States' receipt
25 of each Statement, the United States shall reimburse AISLIC for thirty-three percent
26 (33%) of the Future Response Costs contained in the Statement that are properly
27 included and supported, except as otherwise provided in Paragraph 8.d. of this
28 Agreement. Payment shall be made pursuant to Electronic Funds Transfer

1 instructions given by AISLIC, provided these instructions comply with federal and
2 any other applicable law.

3 d. If AISLIC fails to support a Future Response Cost with documentation
4 required in Paragraph 8.b., or otherwise fails to demonstrate that a cost is properly
5 reimbursable under this Agreement, the United States may object, in writing, within
6 one hundred and twenty (120) days of receipt of the Statement, and such objection
7 shall be sent to AISLIC pursuant to Paragraph 11 of this Agreement. Any such
8 objection shall identify the contested Future Response Cost and the basis for
9 objection. In the event of an objection, the United States shall, within the one
10 hundred and twenty (120) day period, remit its share of any uncontested Future
11 Response Costs to AISLIC in the manner described in Paragraph 8.c. After the
12 transmission of any objection pursuant to this Paragraph 8, either Party may initiate
13 the dispute resolution procedures provided in Paragraph 10 of this Agreement. If the
14 United States does not object within one hundred and twenty (120) days of receipt of
15 a Statement, the Future Response Costs reflected within that Statement shall be
16 presumed to be consistent with the NCP.

17 e. If any payments required to be made by this Paragraph 8 are not made in
18 accordance with the provisions of this Section, interest on the unpaid balance shall
19 accrue from the date on which the payment was due at the rate specified for interest
20 on investments of the Hazardous Substance Superfund established under subchapter
21 A of chapter 98 of Title 26 of the United States Code.

22 f. Payments of Future Response Costs by the United States are subject to
23 the availability of funds appropriated for such purpose. No provision of this
24 Agreement shall be interpreted as or constitute a commitment or requirement that the
25 United States obligate or pay funds in contravention of the Anti-Deficiency Act, 31
26 U.S.C. §§ 1341-42 and 1511-19, or any other applicable provision of law.

27 g. If the United States determines for any reason that a Future Response
28 Cost for which reimbursement was made to AISLIC pursuant to this Agreement was

1 not properly subject to reimbursement, the United States may demand credit, with
2 interest, of the reimbursement made to AISLIC, which credit shall be applied to
3 AISLIC's demands for Future Response Costs. In the event a credit in the
4 appropriate amount is not available for any reason, the United States may seek other
5 appropriate relief from AISLIC or the Court. Within sixty (60) days of receiving such
6 a demand, AISLIC shall credit such prior reimbursement to the United States, with
7 interest from the date of the prior reimbursement to the date of return of those
8 payments, unless AISLIC provides written notice contesting that demand for credit
9 within the sixty (60) day period, in which case the dispute provisions of Paragraph 10
10 shall take effect. The United States shall not demand credit for any payment of a
11 Future Response Cost more than two years after it has made that payment, except in
12 cases of fraud or bad faith.

13 h. AISLIC hereby agrees and expressly acknowledges that it is prohibited
14 from including any portion of its alleged costs as either direct or indirect costs or
15 costs paid/reimbursed by the United States, or otherwise, in any invoice, claim, or
16 demand associated with any Federal Contract.

17 i. A determination by the United States not to object to a Future Response
18 Cost shall not constitute an admission, agreement, understanding, or other indication
19 by the United States that any such cost is a Future Response Cost within the scope of
20 this Agreement, that such cost was necessary or incurred consistent with the NCP, or
21 that such cost is otherwise reimbursable under this Agreement or under any statute,
22 regulation, or other provision or law or equity.

23 9. Covenant Not to Sue by United States and Reservation.

24 a. Upon approval and entry of this Agreement by the Court and subject to
25 Paragraph 9.b. of this Agreement, the United States hereby forever releases,
26 discharges, and covenants and agrees not to assert (by way of the commencement of
27 an action, the joinder of AISLIC in an existing action, or in any other fashion) any
28 and all claims, causes of action, suits or demands of any kind whatsoever in law or in

1 equity which it may have had, or hereafter have, including, but not limited to, claims
 2 under CERCLA sections 107, 112, and 113, against AISLIC for Covered Matters. To
 3 the extent that this provision is ever construed as a "general release" under California
 4 law, the United States expressly waives the applicability to this Agreement of
 5 California Civil Code section 1542.

6 b. Notwithstanding Paragraph 9.a. or any other provision in this
 7 Agreement, the United States does not release and specifically reserves its right to
 8 assert against AISLIC, or any other individual or entity, any claims or actions
 9 regarding the Bermite Site that may be brought on behalf of the United States
 10 Environmental Protection Agency or a natural resource trustee. Nothing in this
 11 Agreement shall constitute or be construed as a waiver, limitation, or release of any
 12 claims or causes of action by the United States to enforce any federal laws or
 13 regulations in connection with the Bermite Site. The United States also does not
 14 release and specifically reserves its right to assert claims for breach of this Agreement
 15 against AISLIC.

16 10. Dispute Resolution.

17 a. Any dispute with respect to the United States' obligation to reimburse
 18 Future Response Costs under Paragraph 8 of this Agreement shall in the first instance
 19 be the subject of informal negotiations between the Parties. The period for informal
 20 negotiations shall last sixty (60) days from the date the United States transmits its
 21 objection pursuant to Paragraph 8.d., or AISLIC transmits an intention to contest a
 22 demand for credit pursuant to Paragraph 8.g., unless this period is extended by written
 23 agreement of the Parties.

24 If the Parties have not reached a resolution of the dispute by the end of the
 25 period for informal negotiations, the next step in the dispute resolution process shall
 26 be mediation. After the period of informal negotiations, either party may invoke
 27 mediation by notifying the other party that it would like the assistance of a mediator
 28 to resolve the dispute. The Parties shall cooperate to select a mutually-acceptable

1 mediator and thereafter participate in mediation in good faith to resolve the dispute, if
2 possible. Unless a different time period is selected, the Parties shall endeavor to
3 complete the mediation process within ninety (90) days after selecting a mediator.

4 If the Parties are unable to reach a resolution of the dispute by the end of the
5 mediation process, either party may notify the Court of the dispute and the need for a
6 resolution.

7 b. In the event informal negotiations are unsuccessful, no Party shall submit
8 or rely on any evidence, in any form, to resolve the disputed Future Response Cost
9 that was not disclosed to the other Party prior to the expiration of the informal
10 negotiation period in Paragraph 10.a., except upon leave of Court or the
11 appointed/agreed mediator. However, nothing in this Paragraph 10.b. shall preclude a
12 Party from submitting or relying on (i) expert testimony; (ii) factual evidence not in
13 existence at the time of the informal negotiation period; (iii) factual evidence whose
14 existence was not known to the Party at the time of the informal negotiation period; or
15 (iv) evidence that is, or was at the time of the informal negotiation period, exclusively
16 within the possession of the other Party.

17 c. If a reimbursement is determined to be due pursuant to Paragraph 10.a.,
18 the United States shall pay the sum determined to be due within sixty (60) days of the
19 resolution of the dispute (with accrued interest pursuant to Paragraph 8.e. of this
20 Agreement). If a credit is determined to be due pursuant to Paragraph 10.a., then the
21 United States shall apply such credit to AISLIC's subsequent claims for
22 reimbursement. In the event AISLIC makes no subsequent claims for reimbursement
23 exceeding the credit, then AISLIC shall refund any remaining credit to the United
24 States with interest accruing from the date the credit was determined due at the rate
25 specified in Paragraph 8.e., *supra*.

26 11. Notices.

27 Except for any money AISLIC may receive from Chubb Custom Insurance
28 Agreement pursuant to the Settlement Agreement and Mutual Release dated January

1 6, 2012 by and between AISLIC, Chubb Custom Insurance Company, and Pacific
2 Indemnity Company, AISLIC shall provide notice to the United States within twenty-
3 one (21) days if at any time AISLIC seeks or obtains recovery of Past or Future
4 Response Costs from any source other than the United States or from the United
5 States in any manner other than that provided for by this Agreement. Any notice
6 required hereunder shall be transmitted by overnight delivery service, telecopier, or
7 electronic mail to each of the undersigned, or in such manner and to such persons as
8 may be designated by a Party hereto in writing to the other Party.

9 12. Effect of Settlement/Entry of Judgment.

10 a. This Agreement was negotiated and executed by AISLIC and the United
11 States in good faith and at arms' length and is a fair and equitable compromise of
12 disputed claims, which were vigorously contested and are denied. This Agreement is
13 not and shall not constitute or be construed as an admission by the United States of
14 any factual allegations made by AISLIC in this Action, an admission of liability, or an
15 admission of any other kind or character whatsoever by the United States. Neither
16 this Agreement nor the Parties' performance under this Agreement is intended to
17 have, and shall not be deemed to have, any evidentiary or precedential effect in this or
18 any other action involving claims asserted against the United States.

19 b. Upon approval and entry of this Agreement by the Court, this Agreement
20 shall constitute a final judgment among the Parties in the Consolidated Actions.

21 c. If for any reason the Court should decline to approve this Consent
22 Decree in the form presented, this Agreement is voidable at the sole discretion of any
23 Party and the terms of the Agreement may not be used as evidence in any litigation or
24 appeals between the Parties or against the Parties.

25 13. Dismissal with Prejudice of Complaint. Upon the Court's approval of
26 this Agreement, all claims brought by AISLIC against the United States in the
27 Consolidated Actions shall be dismissed with prejudice. Each Party shall bear its own
28 litigation and administrative costs and expenses, including attorneys' fees.

1 14. Integration Provision. This Agreement constitutes the entire agreement
2 between the Parties with respect to the matters covered herein. All prior discussions,
3 drafts, and writings are superseded by this Agreement and may not be used to vary or
4 contest the terms of the Agreement.

5 15. Joint Drafting. This Agreement has been jointly negotiated and drafted.
6 The language of this Agreement shall be construed according to its fair meaning and
7 without regard to the role that either party played in the preparation of this
8 Agreement. Each Party has been advised by its own counsel in connection with the
9 Consolidated Actions and this Agreement, and each Party agrees that it is not relying
10 on any representations or omissions of the other Party in signing this Agreement,
11 other than those representations contained within this Agreement.

12 16. Representative Authority. The individuals signing this Agreement on
13 behalf of the Parties hereby certify that they are authorized to bind their respective
14 party to this Agreement.

15 Dated: May²³, 2014

AMERICAN INTERNATIONAL
SPECIALTY LINES INSURANCE
COMPANY n/k/a AIG SPECIALTY
INSURANCE COMPANY

18
19 By: 
CINDY HUNTER

20
21 Dated: May²⁹, 2014

SAM HIRSCH
Acting Assistant Attorney General
Environment and Natural Resources Division
United States Department of Justice

22
23
24 By: 
MICHAEL C. AUGUSTINI
25 MARTHA C. MANN

26 Attorneys for Defendant United States of
27 America
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1 SIGNED, SO ORDERED, and ENTERED this 2nd day of July 2014.

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4 GEORGE H. KING
Chief United States District Judge
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